

Original

E-029-16

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR EXEMPTION FOR THE
CHANGE OF OWNERSHIP FOR AN EXISTING HEALTH CARE FACILITY**

RECEIVED

AUG 12 2016

1. INFORMATION FOR EXISTING FACILITY

Current Facility Name Apollo Surgical Center
 Address 2750 South River Road
 City Des Plaines Zip Code IL County Cook
 Name of current licensed entity for the facility Apollo Surgical Center, LLC
 Does the current licensee: own this facility ☒ OR lease this facility ☐ (if leased, check if sublease ☐)
 Type of ownership of the current licensed entity (check one of the following:) ☐ Sole Proprietorship
☐ Not-for-Profit Corporation ☐ For Profit Corporation ☐ Partnership ☐ Governmental
☒ Limited Liability Company ☐ Other, specify _____
 Illinois State Senator for the district where the facility is located: Sen. Laura M. Murphy
 State Senate District Number 28 Mailing address of the State Senator 124 State Capitol Building
Springfield, IL 62706
 Illinois State Representative for the district where the facility is located: Rep. Martin J. Moylan
 State Representative District Number 55 Mailing address of the State Representative 258 W. Stratton Building
Springfield, IL 62706

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

2. **OUTSTANDING PERMITS.** Does the facility have any projects for which the State Board issued a permit that will not be completed (refer to 1130.140 "Completion or Project Completion" for a definition of project completion) by the time of the proposed ownership change? Yes ☐ No ☒. If yes, refer to Section 1130.520(f), and indicate the projects by Project # n/a

3. **NAME OF APPLICANT** (complete this information for each co-applicant and insert after this page).

Exact Legal Name of Applicant Uropartners Surgery Center, LLC
Address 2245 Enterprise Drive, Suite 4506
City, State & Zip Code Westchester, Illinois 60154
 Type of ownership of the current licensed entity (check one of the following:) ☐ Sole Proprietorship
☐ Not-for-Profit Corporation ☐ For Profit Corporation ☐ Partnership ☐ Governmental
☒ Limited Liability Company ☐ Other, specify _____

4. **NAME OF LEGAL ENTITY THAT WILL BE THE LICENSEE/OPERATING ENTITY OF THE FACILITY NAMED IN THE APPLICATION AS A RESULT OF THIS TRANSACTION.**

Exact Legal Name of Entity to be Licensed Uropartners Surgery Center, LLC
Address 2245 Enterprise Drive, Suite 4506
City, State & Zip Code Westchester, Illinois 60154
 Type of ownership of the current licensed entity (check one of the following:) ☐ Sole Proprietorship
☐ Not-for-Profit Corporation ☐ For Profit Corporation ☐ Partnership ☐ Governmental
☒ Limited Liability Company ☐ Other, specify _____

5. **BUILDING/SITE OWNERSHIP. NAME OF LEGAL ENTITY THAT WILL OWN THE "BRICKS AND MORTAR" (BUILDING) OF THE FACILITY NAMED IN THIS APPLICATION IF DIFFERENT FROM THE OPERATING/LICENSED ENTITY**

Exact Legal Name of Entity That Will Own the Site Uropartners Real Estate, LLC
Address 2245 Enterprise Drive, Suite 4506
City, State & Zip Code Westchester, Illinois 60154
 Type of ownership of the current licensed entity (check one of the following:) ☐ Sole Proprietorship
☐ Not-for-Profit Corporation ☐ For Profit Corporation ☐ Partnership ☐ Governmental
☒ Limited Liability Company ☐ Other, specify _____

6. TRANSACTION TYPE. CHECK THE FOLLOWING THAT APPLY TO THE TRANSACTION:

- ☒ Purchase resulting in the issuance of a license to an entity different from current licensee;
- ☐ Lease resulting in the issuance of a license to an entity different from current licensee;
- ☐ Stock transfer resulting in the issuance of a license to a different entity from current licensee;
- ☐ Stock transfer resulting in no change from current licensee;
- ☐ Assignment or transfer of assets resulting in the issuance of a license to an entity different from the current licensee;
- ☐ Assignment or transfer of assets not resulting in the issuance of a license to an entity different from the current licensee;
- ☐ Change in membership or sponsorship of a not-for-profit corporation that is the licensed entity;
- ☐ Change of 50% or more of the voting members of a not-for-profit corporation's board of directors that controls a health care facility's operations, license, certification or physical plant and assets;
- ☐ Change in the sponsorship or control of the person who is licensed, certified or owns the physical plant and assets of a governmental health care facility;
- ☐ Sale or transfer of the physical plant and related assets of a health care facility not resulting in a change of current licensee;
- ☐ Any other transaction that results in a person obtaining control of a health care facility's operation or physical plant and assets, and explain in "Attachment 3 Narrative Description"

7. APPLICATION FEE. Submit the application fee in the form of a check or money order for \$2,500 payable to the Illinois Department of Public Health and append as **ATTACHMENT #1**.

8. FUNDING. Indicate the type and source of funds which will be used to acquire the facility (e.g., mortgage through Health Facilities Authority; cash gift from parent company, etc.) and append as **ATTACHMENT #2**.

9. ANTICIPATED ACQUISITION PRICE: \$ 2,000,000 _____

10. FAIR MARKET VALUE OF THE FACILITY: \$ 2,000,000 _____
(to determine fair market value, refer to 77 IAC 1130.140)

11. DATE OF PROPOSED TRANSACTION: November 1, 2016 _____

12. NARRATIVE DESCRIPTION. Provide a narrative description explaining the transaction, and append it to the application as **ATTACHMENT #3**.

13. BACKGROUND OF APPLICANT (co-applicants must also provide this information). Corporations and Limited Liability Companies must provide a current Certificate of Good Standing from the Illinois Secretary of State. Limited Liability Companies and Partnerships must provide the name and address of each partner/ member and specify the percentage of ownership of each. Append this information to the application as **ATTACHMENT #4**.

14. TRANSACTION DOCUMENTS. Provide a copy of the complete transaction document(s) including schedules and exhibits which detail the terms and conditions of the proposed transaction (purchase, lease, stock transfer, etc). Applicants should note that the document(s) submitted should reflect the applicant's (and co-applicant's, if applicable) involvement in the transaction. The document must be signed by both parties and contain language stating that the transaction is contingent upon approval of the Illinois Health Facilities and Services Review Board. Append this document(s) to the application as **ATTACHMENT #5**.

****No Longer Required****

15. FINANCIAL STATEMENTS. (Co-applicants must also provide this information) Provide a copy of the applicants latest audited financial statements, and append it to this application as **ATTACHMENT #6**. If the applicant is a newly formed entity and financial statements are not available, please indicate by checking **YES** ☒, and indicate the date the entity was formed 8/4/2016

****No Longer Required****

16. **PRIMARY CONTACT PERSON.** Individual representing the applicant to whom all correspondence and inquiries pertaining to this application are to be directed. (Note: other persons representing the applicant not named below will need written authorization from the applicant stating that such persons are also authorized to represent the applicant in relationship to this application).

Name: Neal Goldstein

Address: Patzick, Frank, & Samotny, Ltd. 150 S. Wacker Dr., Suite 1500

City, State & Zip Code: Chicago, IL 60606

Telephone () Ext. (312) 551-8300

17. **ADDITIONAL CONTACT PERSON.** Consultant, attorney, other individual who is also authorized to discuss this application and act on behalf of the applicant.

Name: Mark J. Silberman

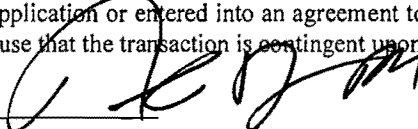
Address: Duane Morris, LLP 190 South LaSalle, Suite 3700

City, State & Zip Code: Chicago, IL 60603-3433

Telephone () Ext. (312) 499-6713

18. **CERTIFICATION**

I certify that the above information and all attached information are true and correct to the best of my knowledge and belief. I certify that the number of beds within the facility will not change as part of this transaction. I certify that no adverse action has been taken against the applicant(s) by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois. I certify that I am fully aware that a change in ownership will void any permits for projects that have not been completed unless such projects will be completed or altered pursuant to the requirements in 77 IAC 1130.520(f) prior to the effective date of the proposed ownership change. I also certify that the applicant has not already acquired the facility named in this application or entered into an agreement to acquire the facility named in the application unless the contract contains a clause that the transaction is contingent upon approval by the State Board.

X Signature of Authorized Officer 

Typed or Printed Name of Authorized Officer Richard Harris, M.D.

Title of Authorized Officer: Manager, Uropartners Surgery Center, LLC

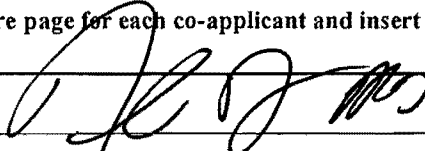
Address: 2245 Enterprise Drive, Suite 4506

City, State & Zip Code: Westchester, Illinois 60154

Telephone (708) 275-2850

Date: August 9, 2016

NOTE: complete a separate signature page for each co-applicant and insert following this page.

X Signature of Authorized Officer 

Typed or Printed Name of Authorized Officer: Richard Harris, M.D.

Title of Authorized Officer: Manager, Uropartners Real Estate, LLC

Address: 2245 Enterprise Drive, Suite 4506

City, State & Zip Code: Westchester, Illinois 60154

Telephone: (708) 275 - 2850

Date: August 9, 2016

XSignature of Authorized Officer



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Title of Authorized Officer: Manager, Uropartners, LLC

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Telephone (708) 275-2850 Date: August 9, 2016

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_____ Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
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State Senate District Number _____ Mailing address of the State Senator _____
Illinois State Representative for the district where the facility is located: Rep. _____
State Representative District Number _____ Mailing address of the State Representative _____

2. **OUTSTANDING PERMITS.** Does the facility have any projects for which the State Board issued a permit that will not be completed (refer to 1130.140 "Completion or Project Completion" for a definition of project completion) by the time of the proposed ownership change? Yes ☐ No ☐. If yes, refer to Section 1130.520(f), and indicate the projects by Project # _____

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Illinois State Senator for the district where the facility is located: Sen. _____
State Senate District Number _____ Mailing address of the State Senator _____

Illinois State Representative for the district where the facility is located: Rep. _____
State Representative District Number _____ Mailing address of the State Representative _____

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Exact Legal Name of Applicant Uropartners, LLC
Address 2245 Enterprise Drive, Suite 4506
City, State & Zip Code Westchester, Illinois 60154
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_____ Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
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Type of ownership of the current licensed entity (check one of the following:) _____ Sole Proprietorship
_____ Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
_____ Limited Liability Company _____ Other, specify _____

Application Fee

The application fee of \$2,500 has been submitted with this Application for Exemption for the Change of Ownership of an Existing Healthcare Facility. A copy of the check is attached.

Illinois Department of Public Health

Date:08/10/16

Check Number: 1152

Amount: 2,500.00

Memo:
Application Fee

UROPARTNERS INVESTMENTS LLC

2245 ENTERPRISE DRIVE SUITE 4506
WESTCHESTER, IL 60154

BANK OF AMERICA

2-50-710

115

1152

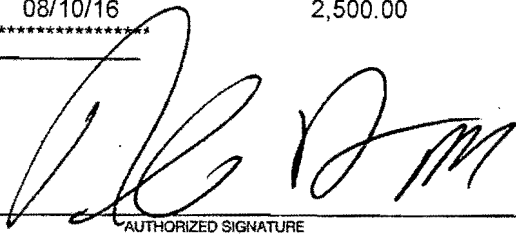
Twenty-five Hundred And 00/100 Dollars***

DATE08/10/16

AMOUNT2,500.00

AY
THE
ORDER

Illinois Department of Public Health



AUTHORIZED SIGNATURE

Funding

This project will be funded through a combination of available capital and from an existing line of credit to Uropartners, as needed, as evidenced by the attached July 11, 2016 correspondence from Bank of America / Merrill Lynch.



July 11, 2016

Dear Dr. Harris,

This letter serves to confirm that as of Wednesday July 11, 2016, UroPartners LLC has access to \$5,000,000; through deposits balances and the working capital line of credit availability.

Please let me know if you require additional information.

Sincerely,

Ed Brennan

A handwritten signature in black ink, appearing to read "Ed Brennan".

Senior Vice President
Market Executive
10 N Martingale Road
Suite 210
Schaumburg, IL
847-944-7962

Moji Eagan

A handwritten signature in black ink, appearing to read "Moji Eagan".

Senior Vice President
Relationship Manager
10 N. Martingale Road
Suite 210
Schaumburg, IL
847-944-7963

Narrative Description

This project proposes to transfer ownership of the Ambulatory Surgical Treatment Center ("ASTC") and related real property previously known as Apollo Surgical Center to Uropartners Surgery Center, LLC and Uropartners Real Estate LLC (collectively "Uropartners"). The terms will be as reflected in the Asset Purchase Agreement and Purchase and Sale Agreement executed between the relevant and related parties. Upon completion of this transaction, 100% ownership and control will transfer to Uropartners.

Project Description With Key Terms

Upon approval of the Health Facilities and Services Review Board ("HFSRB"), operational control and licensing of the ASTC will rest with Uropartners Surgery Center, LLC and ownership of the real property will rest with Uropartners Real Estate, LLC. Neither Apollo Surgical Center nor any related individuals or affiliates will have any remaining interest in the ASTC or real property upon HFSRB approval.

- | | |
|-------------------------|--|
| • Transaction Structure | The proposed transaction involves an asset purchase agreement between the parties and a purchase and sale agreement regarding the real property. |
| • Licensed Entity: | Uropartners Surgery Center, LLC |
| • Prior Licensee: | Apollo Surgical Center, LLC |
| • Purchase Price: | \$2,000,000 |
| • Fair Market Value: | The parties agree that the \$2 million is the fair market value for the acquired assets and assumed liabilities. |

Project Background

Uropartners set out to evaluate the best means by which it could continue meeting the growing surgical needs of its patients without having to sacrifice patient safety or risk any discernable distinction in the quality of care being received across its practice. The conclusion was reached that establishing an ASTC more dedicated to the performance of urological procedures, with a staff specifically trained to provide care to this patient population, would be the best course of action. It would also be an important step towards increasing access to quality care.

The conclusion was reached, after coordination with counsel, that as enticing as the prospect of establishing its own facility was, it would be more consistent with the orderly and economic development of healthcare to evaluate whether or not an existing facility could be identified which could accomplish the identified purposes. After conducting extensive due diligence into available options, the conclusion was reached that the best of all available alternatives would be to acquire the existing ASTC that is the subject of the current application.

It was determined that taking complete control of the facility, both from an ownership as well as an operational perspective, was important to facilitate effective implementation of Uropartners' standards for quality care and efficient services. Given the location of this ASTC, it will be functionally available to all of Uropartners' 36 office locations and its 62 physicians.

Attachment #3

Purpose of Project

This proposed project will result in better utilization of an existing facility. In the 2014 utilization data, which is the most recent reported data available, this ASTC performed 36 procedures, of which only 5 were urological. The expectation is that the majority of procedures to be performed will be urological, but that the volume of patients served will be more in line with the HFSRB's identified utilization standards for a facility with two operating rooms, three exam rooms, and eight recovery stations.

Uropartners intends to maintain the surgical specialties previously approved for this facility, except for the fact that it will not perform any Obstetrics/Gynecological procedures. Upon approval of this Change of Ownership Exemption, this facility will *cease to have OB/Gyn* as a category of service.

The facility will accept Medicare, Medicaid, private insurance, and private pay, as well as provide charity care. Transferring ownership will replace a struggling facility with a vibrant one supported by a premier practice that can better utilize this facility. Simply put -- this project increases access to healthcare without sacrificing quality or increasing costs. It is a win-win.

Background of Applicant

Uropartners has the qualifications, background, character, and financial resources to adequately provide proper services for the community. Uropartners is the largest urology group in the Midwest. They specialize in providing advanced care for urological conditions such as treatment of bladder cancer, kidney cancer, prostate cancer, urinary incontinence, bladder prolapse, testicular cancer, cystoscopy, erectile dysfunction, male infertility, and prostate concerns. Through its dedicated 60+ physicians, supported by physician assistants and nurse practitioners, Uropartners has earned its reputation as a premier practice group.

Despite working together, historical surgical procedures were performed at various ASTCs or hospitals. Where a surgery was performed became a function of the availability of space, rather than focusing solely upon the interests of the patient. Through its due diligence, Uropartners concluded that a central location at which physicians could perform surgery would improve patient care and satisfaction, improve the health of the community, and reduce healthcare costs. This project is designed to accomplish those goals. The staff at the ASTC will through training and sheer repetition (given the volume of Uropartners patients) gain an expertise which will better serve patients requiring surgical and procedural interventions.

Uropartners does not own nor does it operate any healthcare facility, as that term is defined by the HFSRB.

Uropartners has access to its own laboratory and pathologists who can provide rapid reliable test results, something of incredible import to patients undergoing treatment and evaluation for cancer or other urological concerns. The laboratory is accredited by the College of American Pathologists and staffed by full time pathologists and expert technologists in the field of anatomic pathology, cytology/FISH, blood studies, and microbiology. This allows Uropartners to maximize the quality and reliability of its testing and thereby minimize the unnecessary worry to its patients. The existing hospital transfer relationship will remain unchanged.



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

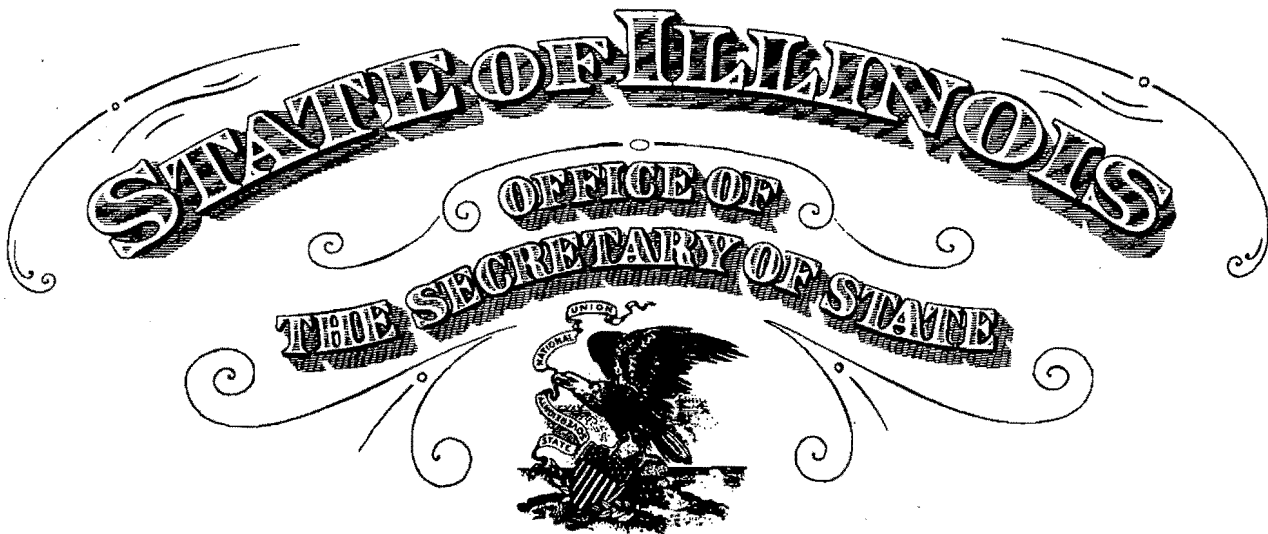
UROPARTNERS SURGERY CENTER, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON AUGUST 04, 2016, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 9TH day of AUGUST A.D. 2016 .

Jesse White

SECRETARY OF STATE



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

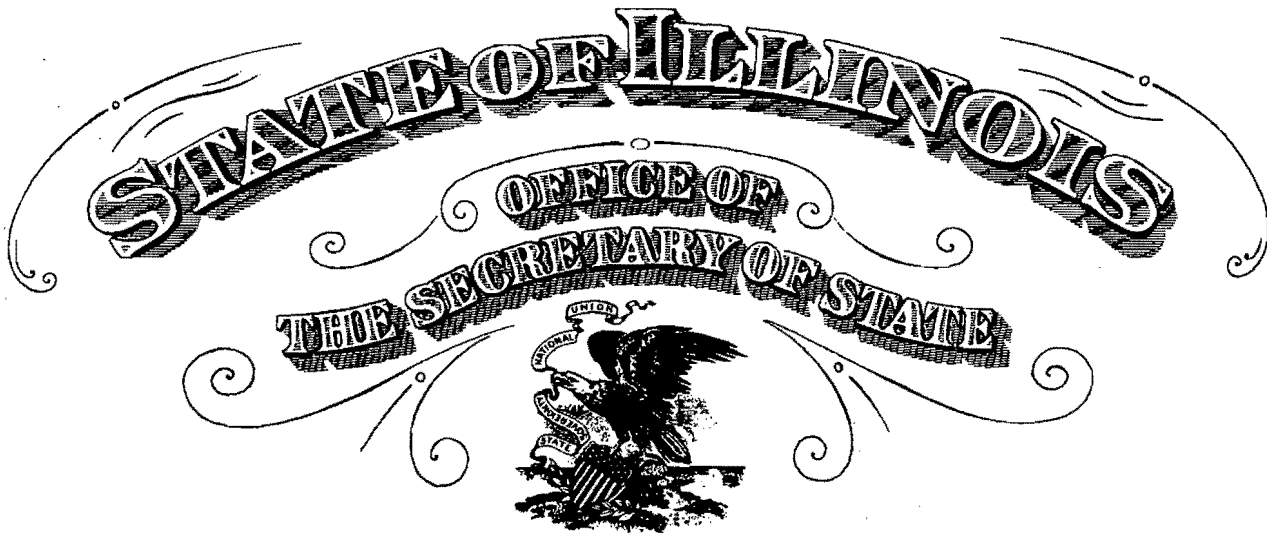
UROPARTNERS REAL ESTATE, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON AUGUST 04, 2016, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.



***In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 9TH
day of AUGUST A.D. 2016 .***

Jesse White

SECRETARY OF STATE



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

UROPARTNERS, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON FEBRUARY 10, 2005, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.



***In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 9TH
day of AUGUST A.D. 2016 .***

Jesse White

SECRETARY OF STATE